

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 3898-01
BILL NO.: HB 2008
SUBJECT: Water Patrol; Watercraft financial responsibility
TYPE: Original
DATE: April 4, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Highway Fund	(\$8,129)	(\$6,044)	(\$6,044)
Insurance Dedicated Fund	\$0 to \$23,800	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	(\$8,129) to \$15,671	(\$6,044)	(\$6,044)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety - Water Patrol** and the **Office of the Attorney General** assume their agencies would not be fiscally impacted by the proposed legislation.

Officials from the **Department of Corrections** assume the impact to their agency under the proposed legislation would be \$0/minimal.

Officials from the **Office of Prosecution Services** assume the fiscal impact of this proposed legislation is unknown because the proposal includes new crimes.

Officials from the **Office of State Public Defender (SPD)** assume that existing staff could provide representation for those 50-75 cases arising where indigent persons were charged with failure to maintain insurance on their watercraft or of altering a watercraft insurance card. However, passage of more than one similar bill would require the SPD system to request increased appropriations to cover cumulative costs of representing the indigent accused in the additional cases.

Officials from the **Office of State Courts Administrator (CTS)** noted that the proposed legislation would require financial responsibility on all watercraft. The definition of "vessel" includes a motorboat of 25 hp or more, a personal watercraft or a sailboat powered by sail alone which is in excess of 12 feet in length. CTS also noted that there are penalty provisions. Officials from CTS assume that depending upon the degree of enforcement, there could be significant impact on the workload of some circuit courts; however, they have no way of estimating the possible cost at this time. CTS noted that they do not think the cost would be in excess of \$100,000.

Officials from the **Department of Insurance** anticipate that current appropriations and staff will be able to absorb the work for implementation of this single proposal. However, if additional proposals are approved during the legislative session, the Department may need to request an increase in appropriations due to the combined effect of multiple proposals. All property and casualty insurers writing boat liability coverage will have to file ID cards for their boat policies. There are 362 inland marine insurers and 114 ocean marine insurers currently reporting written premium; however, not all of these companies will write this particular type of coverage. Insurance policy/contract revisions to comply with the new mandates are to be accompanied by a \$50 filing fee to be deposited into the Insurance Dedicated Fund. A range of \$0-\$23,800 is being submitted for increased revenue to comply with this mandate.

ASSUMPTION (continued)

Officials from the **Department of Revenue - Division of Motor Vehicle and Drivers Licensing** assume this proposal requires owners of vessels or watercrafts to show proof of financial responsibility at the time of registration. This will impact approximately 110,339 watercraft registrations.

The Motor Vehicle Bureau anticipates that for the first three years of implementation the Central Branch office will receive watercraft registrations that will not comply with the proof of financial responsibility. The first year of implementation (FY01) it is estimated there will be a 60% reject rate for no proof of financial responsibility and there will be a 40% reject rate for FY02 and FY03. During FY99 the Motor Vehicle Bureau, Central Branch Office, processed approximately 4,469 watercraft registrations that were renewed by mail.

FY01

$4,469 \times 60\% = 2,681 / 12 \text{ months} \times 10 \text{ months} = 2,235$ rejects for no proof of financial responsibility.

FY02 & FY03

$4,469 \times 40\% = 1,788$

The Motor Vehicle Bureau requires 447 hours of overtime for a Clerk Typist II to process the generated rejects for FY01 and 358 hours of overtime to process the generated rejects for FY02 and FY03. Average hourly overtime salary for a Clerk Typist II is \$14.04 per hour.

FY01

$\$14.04 \times 447 = \$6,276$

FY02 & 03

$\$14.04 \times 358 = \$5,026$

The Motor Vehicle Bureau also requires \$1,853 in expenses for policy changes, flyers to renewal applicants, reject notices, envelopes and postage for FY01 and \$1,018 for FY02 and 03.

Oversight assumes that if CTS needs to request additional appropriations to handle the provisions of this proposal they can do so during the normal budgetary process.

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<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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HIGHWAY FUND

Cost - Department of Revenue

Overtime (Clerk Typist II)	(\$6,276)	(\$5,026)	(\$5,026)
Policy Changes, Forms and Postage	<u>(\$1,853)</u>	<u>(\$1,018)</u>	<u>(\$1,018)</u>

Estimated Net Effect on

HIGHWAY FUND	<u>(\$8,129)</u>	<u>(\$6,044)</u>	<u>(\$6,044)</u>
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INSURANCE DEDICATED FUND

Income - Department of Insurance

Filing Fees	<u>\$0 to \$23,800</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

Small businesses offering such insurance policies could be affected by the proposed legislation.

DESCRIPTION

This proposal requires the owner of any vessel registered or operated in Missouri to purchase liability insurance or demonstrate financial responsibility. The proposal applies to motorboats with 25 or more horsepower, all personal watercraft (i.e., jet skis) and sailboats longer than 12 feet. Operating such vessels without financial responsibility is a class B misdemeanor and any subsequent violation is a class A misdemeanor. When registering a vessel, an owner must sign an affidavit stating he or she has and will maintain financial responsibility with respect to each vessel owned or operated in Missouri. The proposal sets forth the minimum amounts of coverage required, information to be included in each insurance policy and the information that must appear on the insurance identification card or proof of financial responsibility. Insurance policies must be at least 12 months in duration. Failing to show proof of financial responsibility

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DESCRIPTION (continued)

to a State Water Patrol officer upon demand is a class B misdemeanor and knowingly displaying an invalid insurance card is a class A misdemeanor.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Corrections
Department of Insurance
Department of Public Safety - Water Patrol
Department of Revenue
Office of the Attorney General
Office of Prosecution Services
Office of State Courts Administrator
Office of State Public Defender

A handwritten signature in black ink, appearing to read "Jeanne Jarrett".

Jeanne Jarrett, CPA
Director
April 4, 2000